

March 26, 2026

## Vasant Chemicals Private Limited: Ratings reaffirmed

### Summary of rating action

| Instrument*                          | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating action                             |
|--------------------------------------|--------------------------------------|-------------------------------------|---|
| Long term – Fund based – Cash credit | 33.50                                | 33.50                               | [ICRA]BBB+ (Stable); reaffirmed           |
| Long term – Fund based – Term loans  | 32.85                                | 20.95                               | [ICRA]BBB+ (Stable); reaffirmed           |
| Short term – Non-fund based limits   | 7.25                                 | 7.25                                | [ICRA]A2; reaffirmed                      |
| Long term/Short term – Unallocated   | 4.40                                 | 16.30                               | [ICRA]BBB+ (Stable)/ [ICRA]A2; reaffirmed |
| <b>Total</b>                         | <b>78.00</b>                         | <b>78.00</b>                        |   |

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation continues to factor in the promoter group’s experience in the speciality chemicals industry and VCPL’s reputed customer profile. VCPL is a part of the WeylChem Group, the fine and specialty chemicals platform of the International Chemical Investors Group (ICIG). The ratings also consider VCPL’s supply agreements with key customers, which protect the gross margins to an extent as they provide price variations arising out of volatility in raw material prices and exchange rate fluctuations.

The ratings also factor in VCPL’s robust financial risk profile with healthy margins, comfortable capital structure and coverage indicators. ICRA expects the healthy operating profit to sustain in the medium term, supported by a steady export demand for its high-margin products. Further, VCPL’s association with the WeylChem Group, the major offtaker of the catalyst segment chemicals, is likely to support a steady volume offtake in the medium term.

The ratings are, however, constrained by the moderate scale of operations and the high product and customer concentration risk. This is mitigated by reputed client profile with repeat orders and the long-term supply agreements. The ratings also consider the moderately high working capital intensity of the business due to high inventory and debtors.

The Stable outlook on the long-term rating of [ICRA]BBB+ reflects ICRA’s belief that VCPL is likely to sustain its operating metrics, thereby maintaining its debt protection metrics commensurate with the existing ratings.

### Key rating drivers and their description

#### Credit strengths

**Comfortable financial risk profile** – VCPL’s financial risk profile remains comfortable with the increase in profitability in FY2025 and H1 FY2026. The improved profitability reduced the reliance on working debt in YTD FY2026, thereby further strengthening the capital structure and debt protection metrics. The gearing remained comfortable at 0.3 times as on September 30, 2025, and the interest coverage was strong at 13.1 times for H1 FY2026. The capital structure and debt protection metrics are likely to be comfortable in the medium term, driven by healthy profit from the high-margin export products.

**Established track record in chemicals industry**– VCPL has an established track record of more than three decades in the chemicals industry. It used to manufacture dye intermediates before the unit was sold to Deepak Nitrite Ltd. in 2004. VCPL started manufacturing speciality chemicals and pharmaceutical intermediates in 2004 and has two manufacturing units at

Jeedimetla in Hyderabad and Atchutapuram in the Visakhapatnam district of Andhra Pradesh. VCPL is now integrated into the WeylChem Group, the fine and specialty chemicals platform of the ICI Group, after the latter completed the acquisition of a majority stake in VCPL. Synergies from WeylChem's experience in the chemical industry and access to its clientele should help VCPL scale up its operations over the long term.

**Reputed clientele profile** – VCPL's customer profile remains strong, comprising reputed players in the chemical and pharmaceutical industry, including WeylChem Catexel GMBH, Arkema UK Ltd, Henkel Global Supply Chain B.V., Malladi Drugs and Pharmaceuticals Limited, etc. The company's established relationships with customers have resulted in repeat orders over the years. Further, the company has supply agreements with its key customers which have been periodically renewed over the years, reflecting positively on VCPL's track record and its relationships with the customers. Moreover, the contractual agreements protect the gross margins to an extent from the price variations arising out of volatility in the prices of key raw materials and exchange rates beyond an agreed variance.

### Credit challenges

**Moderate scale of operations**– Despite a healthy ramp-up in sales in FY2025 and 11M FY2026 from the FY2024 levels, the scale remains moderate with an operating income of Rs. 186.2 crore in FY2025 and Rs. 161 crore in 11M FY2026. However, VCPL's business is likely to chart a healthy revenue growth with an increase in product diversity post the capex. Further, VCPL's ability to generate commensurate returns from the significant capex undertaken in the past by optimally scaling up its operations through an expanded product portfolio will remain a monitorable.

**Moderately high working capital intensity**– VCPL's working capital intensity has been in the range of 30-35% in the last three years owing to high inventory and debtors. The company extends a credit period of 60-90 days to its customers and maintains a higher stock of key raw materials

**High product and customer concentration** – VCPL's product concentration remains high with the top three products contributing ~63% to the total revenues in FY2025. Also, the company has a high customer concentration with the top five customers accounting for ~80% of the total revenues in FY2025. However, the completion of a planned capex in FY2027 along with the successful commercial launch of some of the new products will enable the company to diversify its product portfolio and increase the contribution from the new products in the medium term.

### Liquidity position: Adequate

The liquidity is adequate, supported by expected healthy cash flow from operations in FY2026 and FY2027 and the buffer available in the working capital limits along with free cash & liquid investments. The average utilisation of the fund-based limits against the sanctioned limits has been low at ~38% for the 17 months ended February 2026 due to healthy accruals, driven by an improvement in the operating profits. As on September 30, 2025, VCPL has free cash, bank balance and liquid investments of ~Rs. 27.5 crore. VCPL has repayment obligations of ~Rs. 5.3 crore in FY2027 and ~Rs. 8.6 crore in FY2028, which can be comfortably met through internal accruals.

### Rating sensitivities

**Positive factors** – ICRA could upgrade VCPL's ratings if a sustained increase in its scale of operations amid healthy operating margins results in improvement in the liquidity position while maintaining comfortable debt coverage metrics and capital structure.

**Negative factors** – The ratings may be under pressure if there is any significant decline in revenues or margins or a deterioration in the working capital cycle, adversely impacting the company's liquidity position and debt coverage metrics on a sustained basis. A specific credit metric that could lead to a rating downgrade include an interest coverage ratio of less than 3.5 times on a sustained basis.

## Analytical approach

| Analytical Approach             | Comments  |
|---------------------------------|---|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a><br><a href="#">Chemicals</a><br><a href="#">Pharmaceuticals</a> |
| Parent/Group support            | Not Applicable  |
| Consolidation/Standalone        | The ratings are based on the standalone financials of VCPL  |

## About the entity

VCPL was established as a partnership firm by Mr. G. K. B. Chowdhary in 1978 and was later converted into a private limited company in 1988. It was involved in the manufacturing of dye intermediates till 2004, after which the unit was sold to Deepak Nitrite Ltd, and the company started manufacturing speciality chemicals and pharmaceutical intermediates. VCPL's manufacturing units are at Jeedimetla in Hyderabad and APSEZ in Visakhapatnam.

The International Chemical Investors Group (ICIG) of Europe completed the acquisition of a majority stake in VCPL in March 2024. VCPL is set to be integrated into the WeylChem Group, the fine and specialty chemicals platform of the ICIG Group.

## Key financial indicators (audited)

|  | FY2024 | FY2025 | H1 FY2026* |
|--|--------|--------|------------|
| Operating income                                     | 117.7  | 186.6  | 91.8       |
| PAT  | 4.8    | 24.4   | NA         |
| OPBDITA/OI   | 23.8%  | 28.1%  | 37.2%      |
| PAT/OI   | 4.1%   | 13.1%  | NA         |
| Total outside liabilities/Tangible net worth (times) | 0.9    | 0.8    | 0.5        |
| Total debt/OPBDITA (times)                           | 2.4    | 1.3    | 0.7        |
| Interest coverage (times)                            | 4.0    | 7.6    | 13.1       |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; \*Provisional; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; NA-Not Applicable

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

| Instrument                | Current (FY2026)      |                          |                               | Chronology of rating history for the past 3 years |                               |             |   |             |                               |
|---------------------------|-----------------------|--------------------------|-------------------------------|---|-------------------------------|-------------|---|-------------|-------------------------------|
|                           | Type                  | Amount rated (Rs. crore) | 26-Mar-2026                   | FY2025  |                               | FY2024      |   | FY2023      |                               |
|                           |                       |                          |                               | Date  | Rating                        | Date        | Rating  | Date        | Rating                        |
| Cash credit               | Long term             | 33.50                    | [ICRA]BBB+ (Stable)           | 09-Jan-2025                                       | [ICRA]BBB+ (Stable)           | 13-Mar-2024 | [ICRA]BBB; rating watch with developing implications  | 23-Sep-2022 | [ICRA]BBB+ (Stable)           |
|                           |                       |                          |                               |   |                               | 30-Oct-2023 | [ICRA]BBB (Stable)  |             |                               |
| Term loans                | Long term             | 20.95                    | [ICRA]BBB+ (Stable)           | 09-Jan-2025                                       | [ICRA]BBB+ (Stable)           | 13-Mar-2024 | [ICRA]BBB; rating watch with developing implications  | 23-Sep-2022 | [ICRA]BBB+ (Stable)           |
|                           |                       |                          |                               |   |                               | 30-Oct-2023 | [ICRA]BBB (Stable)  |             |                               |
| Non-fund based facilities | Short term            | 7.25                     | [ICRA]A2                      | 09-Jan-2025                                       | [ICRA]A2                      | 13-Mar-2024 | [ICRA]A3+; rating watch with developing implications  | 23-Sep-2022 | [ICRA]A2                      |
|                           |                       |                          |                               |   |                               | 30-Oct-2023 | [ICRA]A3+   |             |                               |
| Unallocated               | Long term/ Short term | 16.30                    | [ICRA]BBB+ (Stable)/ [ICRA]A2 | 09-Jan-2025                                       | [ICRA]BBB+ (Stable)/ [ICRA]A2 | 13-Mar-2024 | [ICRA]BBB/ rating watch with developing implications [ICRA]A3+; rating watch with developing implications | 23-Sep-2022 | [ICRA]BBB+ (Stable)/ [ICRA]A2 |
|                           |                       |                          |                               |   |                               | 30-Oct-2023 | [ICRA]BBB (Stable)/ [ICRA]A3+   |             |                               |

## Complexity level of the rated instruments

| Instrument                           | Complexity Indicator |
|--------------------------------------|----------------------|
| Long term – Fund based – Cash credit | Simple               |
| Long term – Fund based – Term loans  | Simple               |
| Short term – Non-fund based limits   | Simple               |
| Long term/Short term – Unallocated   | Not applicable       |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

### Annexure I: Instrument details

| ISIN | Instrument name  | Date of issuance | Coupon rate | Maturity | Amount rated (Rs. crore) | Current rating and outlook  |
|------|------------------|------------------|-------------|----------|--------------------------|-----------------------------|
| NA   | Term loan – I    | Apr 2021         | NA          | Mar 2029 | 12.20                    | [ICRA]BBB+(Stable)          |
| NA   | Term loan – II   | Dec 2023         | NA          | Sep 2031 | 8.75                     | [ICRA]BBB+(Stable)          |
| NA   | Cash credit      | NA               | NA          | NA       | 33.50                    | [ICRA]BBB+(Stable)          |
| NA   | Letter of credit | NA               | NA          | NA       | 7.00                     | [ICRA]A2                    |
| NA   | Bank guarantee   | NA               | NA          | NA       | 0.25                     | [ICRA]A2                    |
| NA   | Unallocated      | NA               | NA          | NA       | 16.30                    | [ICRA]BBB+(Stable)/[ICRA]A2 |

Source: Company

### Annexure II: List of entities considered for consolidated analysis-Not applicable

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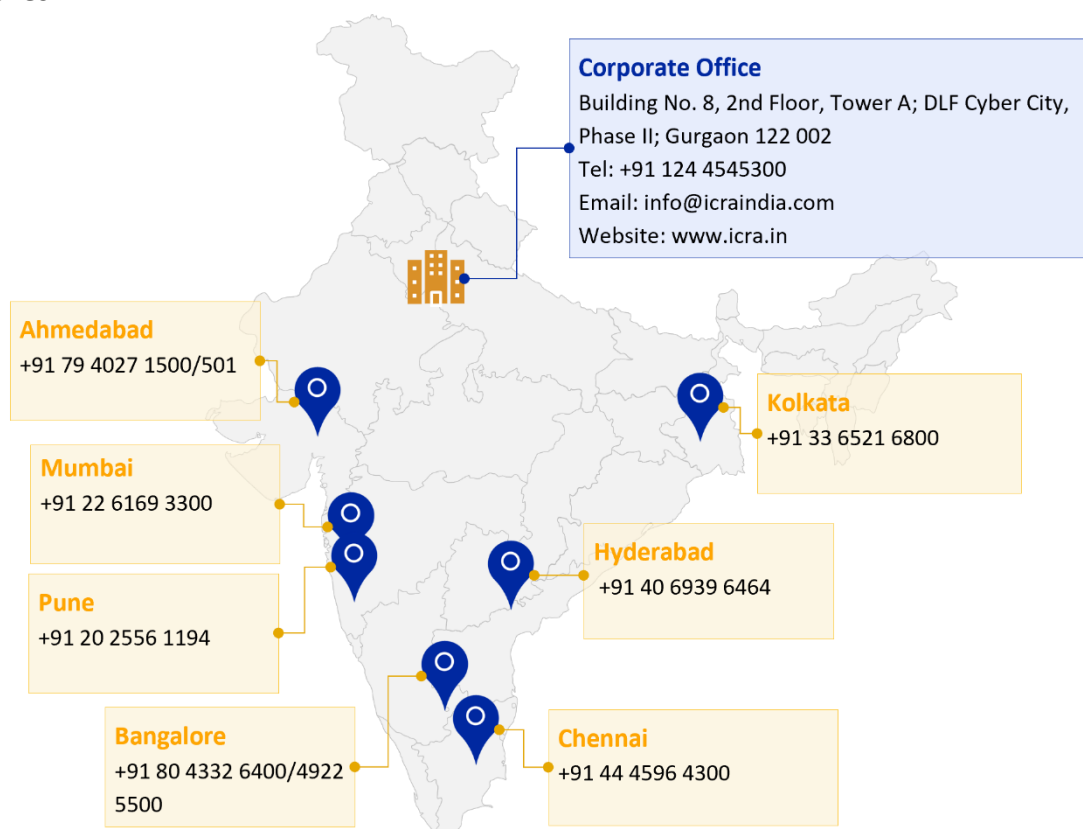
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